

FISCAL NOTE

Bill #: HB0479

Title: Authorize county road permitting processes to preserve the road and environment

Primary Sponsor: Hawk, R

Status: As Introduced

Sponsor signature

Date

David Ewer, Budget Director

Date

Fiscal Summary

	<u>FY 2006 Difference</u>	<u>FY 2007 Difference</u>
Expenditures:		
State Special Revenue	\$245,700	\$245,700
Federal Special Revenue	\$1,644,300	\$1,644,300
Revenue:		
State Special Revenue	\$0	\$0
Federal Special Revenue	\$0	\$0
Net Impact on General Fund Balance:	\$0	\$0

- | | |
|---|---|
| <input type="checkbox"/> Significant Local Gov. Impact | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input checked="" type="checkbox"/> Significant Long-Term Impacts |
| <input type="checkbox"/> Dedicated Revenue Form Attached | <input type="checkbox"/> Needs to be included in HB 2 |

Fiscal Analysis

ASSUMPTIONS:

1. This bill would give counties the authority to develop permitting processes to preserve county roads and bridges and to protect human health and the environment from contaminants from road use.

Department of Transportation (DOT):

2. DOT contracts for many projects that require hauling a large tonnage of aggregate.
3. Contractors hauling at legal weights and speed limits will create airborne contaminants (dust) and cause road damage.
4. The permitting process in the proposed legislation is an effort to address this issue monetarily. Permits will be priced to cover repair costs or mitigate damages. MDT contractors will be required to mitigate impacts or pay for county mitigation.
5. DOT averages 120 projects each year, of which 25 percent are estimated to have significant haul distances on county roads. It is assumed that the average haul distance is 3 miles; therefore, 90 miles per year are affected (25% of 120 projects = 30 projects each with 3 miles).

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(continued)

6. It is assumed that the average road is 26 feet wide and that a 2 inch overlay will correct the problem. 1,400 tons of overlay per mile will be required and the overlay cost would be \$30 per ton. These assumptions equate to \$3,780,000. (1,400 tons time \$30 per ton times 90 miles)
7. It is estimated that only half the counties will adopt a permitting process during the 2007 biennium.
8. The cost for the permitting will be included in the cost of various work items on highway contracts like aggregate, asphalt mix, concrete etc.
9. The match rate will be 87 percent federal funds to 13 percent state funds.

FISCAL IMPACT:

	FY 2006 <u>Difference</u>	FY 2007 <u>Difference</u>
<u>Expenditures:</u>		
Operating Expenses	\$1,890,000	\$1,890,000
<u>Funding of Expenditures:</u>		
State Special Revenue (02)	245,700	245,700
Federal Special Revenue (03)	<u>1,644,300</u>	<u>1,644,300</u>
TOTAL	\$1,890,000	\$1,890,000

Revenues:

State Special Revenue (02)	\$0	\$0
Federal Special Revenue (03)	\$0	\$0

Net Impact to Fund Balance (Revenue minus Funding of Expenditures):

State Special Revenue (02)	(\$245,700)	(\$245,700)
Federal Special Revenue (03)	(\$1,644,300)	(\$1,644,300)

EFFECT ON COUNTY OR OTHER LOCAL REVENUES OR EXPENDITURES:

Counties that implement road-permitting processes will either receive additional revenue or will have mitigation work done at no cost.

LONG-RANGE IMPACTS:

If the program proves successful eventually all counties will initiate a permitting fee to cover damages. The estimated impact to MDT will be \$3 to \$4 million per year.

TECHNICAL NOTES:

1. The legislation provides no method to calculate the permit fee nor does it put a cap on the proposed permitting fee.
2. The legislation does not require a county to issue a permit. This allows counties to prohibit an activity.